

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

November 19, 2001
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Mosher, Deputy Mayor Marshall, Councilmembers Creighton, Davidson, Lee, and Noble

ABSENT: Councilmember Degginger

1. Executive Session

Deputy Mayor Marshall opened the meeting at 6:02 p.m. and announced recess to executive session for approximately 90 minutes to discuss two items of pending litigation and one item of potential litigation.

The study session resumed at 7:20 p.m. with Mayor Mosher presiding.

2. Study Session

(a) Report on the State of Mobility in Bellevue, 1999-2000

Kris Liljeblad, Transportation Assistant Director, opened the discussion by acknowledging the Transportation Commission's involvement in preparing the Report on the State of Mobility in Bellevue, 1999-2000.

Ronald Matthew, Transportation Commission Chair, said the report reflects positive improvements in regional transportation, level of service/concurrency measures, transit, and neighborhood street enhancements. He referenced the memo to Council beginning on page SS 2-3 of the Council packet which summarizes both accomplishments and opportunities for improvement. Mr. Matthew said the report concludes there is a need for continued monitoring of the community's level of service and concurrency status. The report further suggests that alternative methods for measuring level of service should be explored. Mr. Matthew noted the Commission's recommendation that the City explore better ways to measure the use of pedestrian/bicycle and transit facilities.

Mr. Liljeblad explained that the 1999-2000 State of Mobility report: 1) provides a reference document covering the range of transportation services within the community, and 2) identifies

areas in which programs or additional implementation efforts are needed. He noted that the State of Mobility report reflects slightly older data than what was reported in the Concurrency Level of Service Update to Council during the October 15 Study Session. At that time, staff reported improvements in concurrency levels of service and a decrease in overall projected congestion levels.

Eric Miller, Transportation Capital Programming Manager, reviewed the three major parts of the report:

1. The Transportation System Context
2. Managing the Transportation System
3. Transportation Service Alternatives

Mr. Miller recalled Council's adoption in 1999 of a Regional Transportation Vision and the subsequent adoption of interest statements regarding individual corridors and transit since that time. Bellevue implements transportation planning and programming utilizing its Comprehensive Plan, Transportation Facilities Plan, and Capital Investment Program (CIP) Plan.

Mr. Miller noted that multiple level of service/concurrency measuring methods were used in 1999 and 2000, and violations were shown in East Bellevue using the Circular 212 (one hour peak period) method. The following long-range planning studies have been initiated to address traffic congestion: Bel-Red Overlake Transportation Study (BROTS) North-South Corridor Study, 148th Avenue Mobility Improvement Package, and Eastgate/I-90 Corridor Study. Mr. Miller said the City's neighborhood protection efforts include the Neighborhood Traffic Calming Program, the Neighborhood Enhancement Program, and the Residential Permit Parking Zone Program. These programs continue to experience a growing number of requests for projects.

Turning to safety, Mr. Miller said the Traffic Management Division conducts annual accident studies to identify intersections and corridors with the highest annual accident rates. Typical safety solutions include rechanneling traffic within existing curb lines, installing signals or revising signal phasing, clearing sight lines, and revising property access. Mr. Miller summarized that the City spent approximately \$466,000 in one-time investments throughout the 1990s on accident reduction projects, resulting in annual savings of approximately \$956,000. Referring to chapter 7 on preservation and maintenance, Mr. Miller noted the City's Overlay Program, Bridge Inspection Program, and Street Maintenance Program.

The final chapters of the State of Mobility Report address transportation alternatives. Mr. Miller said the City achieved its Comprehensive Plan mode split goals (percent of non-SOV commute trips) for key areas in 1999 including Downtown, Bel-Red/Northup, Crossroads, and Eastgate. Additionally, the City has already met its 2005 mode split targets in the Bel-Red/Northup and Eastgate mobility management areas (MMAs). Mr. Miller said the City made substantial progress in 1999-2000 toward its 2005 transit service targets including enhanced two-way transit service between downtown Bellevue and both the Crossroads and Overlake areas. The report describes several accomplishments in the pedestrian and bicycle system including the 1999 adoption of the updated Pedestrian/Bicycle Transportation Plan.

Mr. Liljeblad summarized the City's progress in regional transportation efforts, intersection and roadway improvements, and transit service enhancements.

In response to Councilmember Lee, Mr. Liljeblad attributed the improvement in mode split performance to the increase in the number of employers participating in commute trip reduction measures. Noting improved transit service to Bellevue's major activity centers, Mr. Liljeblad said staff is working to expand transit service to neighborhoods as well.

Mr. Noble commended the Transportation Commission and staff for preparing the State of Mobility Report. He expressed his support for the continued expansion of transit service in Bellevue. Mr. Liljeblad said City staff is working with King County Metro to improve the measurement of Bellevue transit service and the identification of additional needs. He briefly discussed staff's efforts to advance bicycle and pedestrian facility projects into the next CIP Plan update.

Responding to Mayor Mosher, Mr. Liljeblad described efforts with King County Metro and local employers to promote alternatives to single occupancy vehicle use such as carpools, vanpools, and bus pass incentive programs.

At 7:54 p.m., Mayor Mosher declared recess to the regular session.

- (b) 2001-2002 Mid-Biennium Budget Update
(Discussion continued from November 13. Adoption of the mid-biennium budget is scheduled for December 3.)

The study session resumed at 9:52 p.m. Interim Finance Director Gary Ameling noted packet materials responding to Council's questions from the November 13 mid-biennium budget update discussion.

Mr. Sarkozy explained the City's interest in establishing an agreement with the Yakima County Jail, particularly now that King County has decided to renegotiate court and jail services contracts with Bellevue and other cities. Mr. Lee commended staff's work on this issue.

Mr. Ameling noted the memo on page SS 2-13 of the packet and commented on staff's conservative approach to preparing the financial forecast. Responding to Dr. Davidson, Mr. Ameling said the financial forecast document was reduced in size in recent years as a cost-saving measure suggested by a citizen. He said staff can provide additional information to Council and the public if requested.

- ➡ At 9:58 p.m., Deputy Mayor Marshall moved to extend the meeting to 10:30 p.m. Mr. Lee seconded the motion.
- ➡ The motion to extend the meeting to 10:30 p.m. carried by a vote of 6-0.

Mr. Creighton noted that most insurance companies do not cover acts of terrorism. He suggested the City's insurance policies and reserve funds should be reviewed within this context.

In response to a Council question on November 13, Mr. Ameling said documents from Issaquah School District regarding its impact fees are available in the Council office for review.

Utilities Director Lloyd Warren addressed Council's previous questions and concerns about utility rates. The three utility rate components are water, sewer, and storm and surface water. Mr. Warren reviewed the following rate drivers for Seattle water, which Bellevue purchases:

- Safe Drinking Water Act – Tolt Treatment Plant recently completed and Cedar Treatment Facility is under design.
- Seattle City Council recently approved investment in Tacoma's Second Supply Project.
- Replacement of aging regional infrastructure.
- Endangered Species Act requirements.
- Seattle projects annual wholesale cost increases of 10 percent per year over the next decade.

Mr. Warren said Cascade Water Alliance's current contract with Seattle ends in 2011. CWA is negotiating for a block of water supply but member cities will need to identify new sources either from Seattle or through the development of Lake Tapps as a new water supply source. CWA is currently pursuing water rights at Lake Tapps. Mr. Warren said new water supplies are expensive due to limited availability, state regulatory requirements, environmental constraints, and the cost of transporting water. Seattle reserves the right in its contracts to adjust the cost of water at its discretion. Mr. Warren noted that Bellevue has no equity in regional supply facilities and is therefore subject to the costs associated with external requirements and decisions by others. He said Council will need to decide within the next two years where it will get water in the future and whether to support the development of a water supply at Lake Tapps.

Mr. Warren moved to discuss King County/Metro sewer and wastewater treatment costs. The King County Council attributes its recent rate increase to increasing energy costs, financial reserve needs, and bonding requirements. Mr. Warren noted additional information on this subject in Council's desk packets. The King County Council also approved a 70 percent increase in connection charges within the past year. Mr. Warren said future costs are uncertain for a number of reasons including: 1) issues about the County's sewer fund and its use, 2) an expansion of the definition of sewer-related activities, 3) King County/Metro's initiative for reclaimed water development, 4) ongoing King County negotiations of a habitat conservation plan for protection under the Endangered Species Act, and 5) future obligations related to the Clean Water Act.

Nav Ota, Utilities Business Manager, said the three major local components of utility rates are capital investments, operational costs, and taxes. Capital investment policies are designed to address the City's aging infrastructure, which was installed in the 1950s and 1960s and has a useful life of approximately 75 years. Funding sources to support capital investment policies include planned and one-time transfers from operating funds, transfers from the Capital Investment Program above current needs, unplanned revenue from other sources, developer connection and capital recovery charges, interest earnings, and available debt capacity. Reserves are expected to increase fairly aggressively for the next 20 years. Current balances in the R&R (Replacement and Rehabilitation) accounts are as follows: Water Fund, \$4.2 million; Sewer Fund, \$6.4 million, and Storm and Surface Water Fund, \$0.3 million.

Ms. Otal reviewed the following key rate policies:

- Wholesale cost increases/decreases are passed directly to customers.
- Rates must be sufficient to cover current and future expenses.
- Rates must be sufficient to cover inflationary cost increases in local programs.

Ms. Otal displayed a table of the average annual rate increases for water, sewer and storm water from 1996 to 2001. Rate increases have averaged 5 percent annually for all utilities combined. Ms. Otal said annual rate increases are necessary in order to fund short- and long-term capital needs and to reflect inflationary increases in local programs. She noted that Bellevue's utility rates compare favorably with surrounding jurisdictions. She summarized that utility rate increases are primarily related to the Lake Tapps water right initiative and sewage treatment costs.

Mr. Warren presented the following short-term options for lowering utility rates:

- Reduce investments in replacement and rehabilitation funds.
- Expect and seek federal government relief funding.
- Reduce current capital investment program.
- Use debt to finance capital projects.
- Draw down reserves.
- Reduce local program service levels.

He then reviewed the following long-term strategies for lowering regional costs:

- Seek changes in federal mandates.
- Seek federal funding for mandates and infrastructure replacement.
- Seek changes in state laws and policies to recognize the importance of water resource infrastructure.
- Acquire an equity position in regional infrastructure.
- Change regional representation to have more influence over financial decisions.
- Evaluate the effect of growth/connection charges on Bellevue customers.

Mr. Warren said staff recommends approval of the rate proposal, which supports Council-adopted financial policies. Rate ordinances are currently being prepared by staff for Council consideration in December. Staff further recommends: 1) providing Bellevue customers with details about utility costs, rate drivers, and how to obtain additional information, 2) evaluating regional water costs when the Cascade Water Alliance contract is proposed in approximately one year, 3) seeking changes in regional representation on the King County Regional Water Quality Committee, and 4) reviewing Utility Financial Policies prior to the next budget cycle.

➡ At 10:27 p.m., Mrs. Marshall moved to extend the meeting to 10:45 p.m., and Mr. Noble seconded the motion.

➡ The motion to extend the meeting to 10:45 p.m. carried by a vote of 6-0.

In response to Mr. Lee, Mr. Warren said the City of Seattle's Habitat Conservation Plan for the Cedar River contains estimated ESA-related costs of \$50 million. Additional funds have been spent by Seattle on programmatic changes to comply with the 4(d) Rule. King County is still developing its Habitat Conservation Plan.

Dr. Davidson apologized for his comments to staff during the last discussion on this topic. He noted that Councilmembers were previously told they would be given an opportunity to consider funding for the Lake Tapps initiative as part of the mid-biennium budget update process. Dr. Davidson feels Council and the City should take an active role in trying to control utility rates. He feels the County's overall debt ratio is the primary driver of increasing utility rates. Dr. Davidson will reluctantly support the proposed rate increases.

Mayor Mosher commented on the need to move forward with the Cascade Water Alliance, despite the unpredictability of the future, in order to develop a long-term water supply solution.

Councilmember Lee reviewed his comments on the mid-biennium budget update since he will not be at the December 3 meeting in which Council will take action on the budget. He voiced support for the added Probation staff position, consolidated neighborhood investment strategy, land use/development fee proposal, and the recommendation to not increase property taxes. He strongly objects to increased utility rates and associated taxes.

Dr. Davidson thanked David Plummer for his written comments on utility rates. Ms. Otal said staff is preparing a written response to Mr. Plummer's concerns.

At 10:41 p.m., Mayor Mosher declared the meeting adjourned.

Myrna L. Basich
City Clerk

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